

111TH CONGRESS  
1ST SESSION

# H. R. 2445

To amend the Internal Revenue Code of 1986 to exclude from gross income discharges of personal indebtedness outside of bankruptcy.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 14, 2009

Mr. PAUL introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to exclude from gross income discharges of personal indebtedness outside of bankruptcy.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. EXCLUSION FOR DISCHARGES OF PERSONAL**  
4       **INDEBTEDNESS OUTSIDE OF BANKRUPTCY.**

5       (a) IN GENERAL.—Paragraph (1) of section 108(a)  
6       of the Internal Revenue Code of 1986 is amended by strik-  
7       ing “or” at the end of subparagraph (D), by striking the  
8       period at the end of subparagraph (E) and inserting “,  
9       or”, and by inserting after subparagraph (E) the fol-  
10      lowing:

1                   “(F) the indebtedness discharged is quali-  
2                   fied personal indebtedness.”.

3           (b) QUALIFIED PERSONAL INDEBTEDNESS.—Section  
4 108 of such Code is amended by adding at the end the  
5 following:

6           “(j) QUALIFIED PERSONAL INDEBTEDNESS.—For  
7 purposes of this section, the term ‘qualified personal in-  
8 debtedness’ means any indebtedness of an individual other  
9 than—

10                   “(1) indebtedness properly allocable to a trade  
11                   or business,

12                   “(2) indebtedness which is a student loan (as  
13                   defined in subsection (f)),

14                   “(3) qualified principal residence indebtedness,  
15                   and

16                   “(4) indebtedness to which subparagraph (A) or  
17                   (B) of subsection (a)(1) applies.”.

18           (c) CONFORMING AMENDMENTS.—

19                   (1) Section 108(a)(2)(A) of such Code is  
20                   amended by striking “and (E)” and inserting “(E),  
21                   and (F)”.

22                   (2) Section 108(a)(2)(B) of such Code is  
23                   amended by striking “(C) and (D)” and inserting  
24                   “(C), (D), and (F)”.

1       (d) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to discharges of indebtedness after  
3 December 31, 2008.

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